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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - July 25, 2008

¶1. The following are brief items of interest compiled by Embassy Minsk.

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##### Civil Society

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#### ¶2. Opposition Denied Appeal

On July 22, in proceedings attended by Charge, the Minsk City Court dismissed an appeal challenging April 22 convictions of democratic youth activists charged with participation in entrepreneurs' demonstrations on January 10 and 21. Thirteen youth activists received parole sentences and were heavily fined, and Andrey Kim, now a recognized political prisoner, was sentenced to 18 months in a low-security jail for allegedly injuring a police officer. Kim's mother denounced the verdict saying she did not expect "mercy" but wanted "justice" in Belarusian courts.

#### ¶3. United Civic Party Members Detained and Warned

On July 18, border security officers apprehended and warned Anatol Lebedko, United Civic Party (UCP) leader, and Nikolay Sergeyenko, UCP youth wing leader, for alleged violation of border zone regulation procedures. The police detained the two for three hours in Oshmyany, 10 miles from the Lithuanian border, where the UCP members met with parliamentary hopefuls to discuss election campaign

and deliver printed materials.

#### 14. Prisoners' Rights Advocates Detained, Searched

Customs officers detained for several hours Timofey Dranchuk and Dmitry Kasperovich, leaders of the NGO "Above the Barrier" which advocates prisoners' rights, at the Lithuanian border July 21. The officials thoroughly searched Kasperovich's vehicle and released the two without charges. Dranchuk linked the detention with their calls "for boycotting upcoming elections not to legitimize the parliament" and said he would appeal to the State Customs Committee.

#### 15. Christian Democrat Dismissed from Job

Gomel-based Belarusian Christian Democracy party coordinator Konstantin Zhukovskiy was forced to resign from his job on July 22. According to Zhukovskiy, the BKGB strongly "recommended" his supervisor to dismiss him for his political activities unless he refuses from running for parliament. Zhukovskiy maintained he had committed to participate in the upcoming elections and forcefully quit his job.

#### 16. Democratic Activists Released, Interrogations Continue

On July 20, Belarusian Popular Front (BPF) members Anton Koypish and Iliya Bogdan were the last two opposition activists to be released from prison after 10 days' detention while being investigated for involvement in the July 4 bombing incident. The police freed six other activists on July 18. Meanwhile, the BKGB detained and questioned about the bombing the MF member Dmitry Kukhley in Shchuchin on July 22 and summoned Baranovich-based Social-Democrat Vyacheslav Bolbat, BPF member Viktor Mezyak, opposition Communist Viktor Tyapin, and human rights lawyer Sergey Govsha on July 23.

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Also, the law-enforcers interrogated and searched the residences of United Civic Party member Aleksandr Stepanenko in Minsk and independent publisher Zhanna Popova in Vitebsk on July 23. Popova's computer equipment was confiscated. None of the opposition activists has been officially charged over the bombing.

#### 17. Malady Front Office Raided

The BKGB officers raided the Minsk office of the democratic youth organization Malady Front (MF) on July 21. MF deputy chair Anastasiya Polozhanko maintained the search took place right after a meeting to discuss their campaign to boycott the September parliamentary elections. The officers confiscated computers, printed materials, banners, flags. Polozhanko noted that the MF would continue to call for a boycott and street protests despite hindrances from the GOB.

#### 18. Opposition Initiative Electoral Groups Registered

On July 23, the United Democratic Forces (UDF) announced that the Central Election Commission (CEC) has registered 36 out of 94 initiative groups to collect signatures in support of opposition parliamentary hopefuls. CEC Chairwoman Lidiya Yermoshina stated on the same day that nearly 200 groups obtained registration before the July 24 deadline and have begun collecting signatures to be submitted to the CEC no later than August 18. The UDF issued a statement to condemn the regime impeding a number of regional opposition activists to proceed with their election campaigns by seizing printed materials, banning regular access to precinct electoral commissions, and detaining and questioning the activists.

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Domestic Economy  
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#### 19. Gasoline and Diesel Prices up 5.2 Percent

According to various Belarusian news agencies, Belarus' petrochemical conglomerate Belneftekhim raised gasoline and diesel fuel prices starting on July 23 by 5.2 percent on average.

Belneftekhim representatives say the prices have been raised for the third time this year to offset ever increasing world oil prices and help avoid illegal exports of fuel to neighboring countries, as prices there are significantly higher.

#### 10. National Bank Claims Belarus' Banking System is Sound and Developing Fast

According to Presidential press service, Belarus' National Bank chairman Pyotr Prokopovich assured President Lukashenko on July 21 that the country's banking system successfully met all targets it had for the first six month of 2008. Speaking on the next day at a press conference in Minsk the National Bank's senior official Sergei Dubkov gave a few examples. The assets of Belarusian banks grew 24 percent through June and reached the equivalent of USD 25 billion. Their average profit in the period grew on the year by 60 percent.

#### 11. Average Salary in June: USD 421

Belarus' Statistics Ministry reported on July 23 that the country's average salary in June was the equivalent of USD 421. The number for May was USD 400. The average worker's wage was USD 430 and USD 408 in June and May respectively.

#### 12. Belarusneft is Granted Tax Benefits on Proceeds in Venezuela

On July 21, President Lukashenko signed an edict to provide tax and other benefits to the state-owned oil-extracting company Belarusneft on proceeds it receives in Venezuela. Until a double-taxation agreement between two countries comes into effect, the company will pay a reduced profit tax in Belarus. It is also allowed to disregard time limits on remitting profits from Venezuela to Belarus. Finally, Belarusneft will pay a reduced agricultural tax on its proceeds in Venezuela.

#### 13. Belarus' 2009 Budget to be Focused on Health, Education and Social Infrastructure

According to AFN news agency, President Lukashenko and Prime-Minister Sidorsky discussed Belarus' 2009 budget on July 17. Lukashenko wants significantly more budget funds to be spent on health, agriculture and social infrastructure next year. The average salary for people working in these industries will be USD 560 by the end of 2009. The draft also provides for lower tax burden and 110-112 percent GDP growth.

#### International Trade

#### 14. Chavez Wants to Double Trade with Belarus

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According to the Itar-Tass news agency, Venezuelan President Chavez said during his July 23 working visit to Belarus that he wants Venezuela to double trade with Belarus in the near future. He gave examples of successful cooperation: joint oil extraction, assembly of tractors and trucks, and gasification of some towns in Venezuela but said nothing about defense cooperation. Chavez also signed a MOU providing extra oil fields to the Belarusian-Venezuelan oil extracting joint venture to double its production next year.

#### Quote of the Week

15. Speaking at the ceremony of awarding the Order of the Friendship of Peoples to Hugo Chavez on July 23, President Lukashenko said:

"No president in history has ever done for our country as much as this man has done" and "not a single human deserves this order more than you do, Hugo".

Responding to Lukashenko, Chavez said:

"Belarus and Venezuela fight together against the same enemy. That is the imperialism of the U.S. and countries, which serve the U.S. It is a long fight but we are overcoming and will win the fight."

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